Approved Code No. 551 Registry No. 1208—01

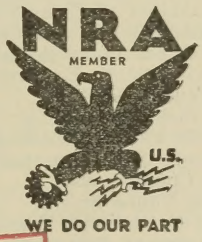
NATIONAL RECOVERY ADMINISTRATION

CODE OF FAIR COMPETITION

FOR THE

CLOCK MANUFACTURING INDUSTRY

AS APPROVED ON FEBRUARY 26, 1935



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Approved Code No. 551

CODE OF FAIR COMPETITION

FOR THE

CLOCK MANUFACTURING INDUSTRY

As Approved on February 26, 1935

ORDER

APPROVING CODE OF FAIR COMPETITION FOR THE CLOCK MANUFACTURING INDUSTRY

An application having been duly made pursuant to and in full compliance with the provisions of Title I of the National Industrial Recovery Act, approved June 16, 1933, for approval of a Code of Fair Competition for the Clock Manufacturing Industry, and hearing having been duly held thereon and the annexed report on said Code, containing findings with respect thereto, having been made and directed to the President:

NOW, THEREFORE, on behalf of the President of the United States, the National Industrial Recovery Board, pursuant to authority vested in it by Executive Orders of the President, including Executive Order No. 6859, dated September 27th, 1934, and otherwise; does hereby incorporate by reference said annexed report and does find that said Code complies in all respects with the pertinent provisions and will promote the policy and purposes of said Title of said Act; and does hereby order that said Code of Fair Competition be and it is hereby approved; and provided further that within ninety days said Board may direct that there be a further hearing on such of the provisions of said Code as it may designate, and that any order which it may make after such hearing shall have the effect of a condition on the approval of said Code.

NATIONAL INDUSTRIAL RECOVERY BOARD,
By W. A. HARRIMAN, *Administrative Officer.*

Approval recommended:

WALTER G. HOOKE,
Acting Division Administrator.

WASHINGTON, D. C.,
February 26, 1935.

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REPORT TO THE PRESIDENT

The PRESIDENT,
The White House.

SIR: This is a report on the Code of Fair Competition for the Clock Manufacturing Industry, the hearing having been conducted in Washington on January 24, 1934, in accordance with the provisions of Title I of the National Industrial Recovery Act. This association claims to represent eighty-five percent of the Industry.

HOURS

This Code provides that factory employees shall not be employed for more than forty (40) hours in any one (1) week nor eight (8) hours in any one (1) day nor six (6) days in any seven (7) day period. An exception is granted to the above limitations for twelve (12) weeks in any one (1) calendar year during which time employees may work forty-five (45) hours in any one (1) week but not more than nine (9) hours in any twenty-four (24) hour period.

Clerical and office employees receiving less than thirty-five dollars ($35.00) per week shall not be employed for more than forty (40) hours in any one (1) week. An exception is granted to the above limitations whereby during any twelve (12) weeks in any one calendar year clerical and office employees may be permitted to work forty-five (45) hours in any one (1) week.

These standard provisions do not apply to executive, administrative and supervisory employees who receive thirty-five dollars ($35.00) or more per week, nor to watchmen who may be permitted to work fifty-six (56) hours per week, but not more than six (6) days in any seven (7) day period, nor to employees engaged in preparation, care and maintenance of plant and machinery and facilities of and for production who shall not be permitted to work more than forty-five (45) hours in any one (1) week, nine (9) hours in any twenty-four (24) hour period, nor six (6) days in any one (1) week, except in case of breakdowns and emergencies and the extra hours of work shall be reported to the Code Authority. These employees shall be paid one and one-third (1⅓) times their normal rate for all hours worked in excess of the above limitations, and they shall be limited to five percent (5%) of all employees.

WAGES

The minimum rate of pay is established at thirty-seven and one-half cents (37½¢) per hour for male employees and thirty-two and one-half cents (32½¢) per hour for female employees.

Learners are defined as employees who prior to their employment as such have not previously worked in the Industry in excess

of two (2) months. Such learners shall be paid not less than thirty-two and one-half cents (32½¢) per hour and the number of such learners shall not exceed in any calendar month five percent (5%) of the total number of employees. Employees shall not be so classified in excess to two (2) months.

The minimum rates established for clerical and office employees are fifteen dollars ($15.00) per week in cities of over 500,000 population or in the immediate trade area of such city, and not less than fourteen dollars ($14.00) per week elsewhere. An exception to the above minimum rate is granted for office and errand boys who may be paid not less than eighty percent (80%) of said minimum rate, providing that the total number of such office and errand boys shall not exceed five percent (5%) of the total number of employees.

ECONOMIC EFFECTS OF THE CODE

The Clock Manufacturing Industry has suffered most severely during the depression, however, in spite of their depressive condition they have rehabilitated the Industry to a certain extent by voluntarily adopting the Code submitted to the Administration early in August 1933. The voluntary application of this unapproved Code upon the Industry has increased the employment approximately thirty-nine percent (39%) over the number of employees for the year 1932, and has increased the factory payrolls approximately seventy-two percent (72%) during the same period.

FINDINGS

The Assistant Deputy Administrator in his final report to us on said Code having found as herein set forth and on the basis of all the proceedings in this matter:

We find that:

(a) Said Code is well designed to promote the policies and purposes of Title I of the National Industrial Recovery Act, including removal of obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof and will provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among the trade groups, by inducing and maintaining united action of labor and management under adequate governmental sanction and supervision, by eliminating unfair competitive practices, by promoting the fullest possible utilization of the present productive capacity of industries, by avoiding undue restriction of production (except as may be temporarily required), by increasing the consumption of industrial and agricultural products through increasing purchasing power, by reducing and relieving unemployment, by improving standards of labor, and by otherwise rehabilitating industry.

(b) Said Industry normally employs not more than 50,000 employes; and is not classified by us as a major industry.

(c) The Code as approved complies in all respects with the pertinent provisions of said Title of said Act, including without limitation Subsection (a) of Section 3, Subsection (a) of Section 7, and Subsection (b) of Section 10 thereof; and that the applicant associa-

tion is an industrial association truly representative of the aforesaid Industry; and that said association imposes no inequitable restrictions on admission to membership therein.

(d) The Code is not designed to and will not permit monopolies or monopolistic practices.

(e) The Code is not designed to and will not eliminate or oppress small enterprises and will not operate to discriminate against them.

(f) Those engaged in other steps of the economic process have not been deprived of the right to be heard prior to approval of said Code.

For these reasons, therefore, the National Industrial Recovery Board has approved this Code.

For the National Industrial Recovery Board:

W. A. HARRIMAN,
Administrative Officer.

FEBRUARY 26, 1935.

CODE OF FAIR COMPETITION FOR THE CLOCK MANUFACTURING INDUSTRY

Article I—Purposes

To effect the policies of Title I of the National Industrial Recovery Act, this Code is established as a Code of Fair Competition for the Clock Manufacturing Industry and its provisions shall be the standards of fair competition for such industry and shall be binding upon every member thereof.

Article II—Definitions

Section 1. The term "Industry" as used herein includes the business of producing and selling, by the producer in the United States, clocks, timing mechanisms, clock-driven time switches sold to serve the dual purpose of clocks and switches, and watches having less than seven jewels or parts thereof, and such branches or subdivisions thereof as may from time to time be included under the provisions of this Code, except where such article is made or used by the producer as a part of any article other than those mentioned herein and included under some other code approved by the President.

Section 2. The term "Employee" as used herein includes any and all persons engaged in the Industry however compensated, except a member of the Industry.

Section 3. The term "Employer" as used herein includes anyone by whom such employee is compensated or employed.

Section 4. The term "Member of the Industry" means and includes any person, firm, partnership, association, corporation, trustee, or receiver operating a plant or plants in the United States for the production of the articles covered in Article II, Section 1 hereof, except where any of the foregoing manufacture such articles to be made or used by the producer as a part of any article other than those mentioned in Section 1 and included under some other code approved by the President.

Section 5. The terms "President", "Act", and "Board" as used herein mean respectively the President of the United States, the National Industry Recovery Act, and the National Industrial Recovery Board.

Article III—Hours

Section 1. No factory employee shall be permitted to work more than forty (40) hours per week or more than eight (8) hours in any twenty-four (24) hour period or more than six (6) days in any seven (7) day period, except during twelve (12) weeks in any one calendar year employees may work forty-five (45) hours in any one week, but not more than nine (9) hours in any twenty-four (24) hour period.

SECTION 2. No person employed in office or clerical work, receiving less than thirty-five dollars ($35.00) per week, shall be permitted to work in excess of forty (40) hours per week, except that during any twelve (12) weeks in any one calendar year they may be permitted to work forty-five (45) hours in any one week.

(a) The provisions of Sections 1 and 2 of this Article shall not apply to the following:

(1) Executive, administrative and supervisory employees, outside salesmen and outside service men, who receive thirty-five dollars ($35.00) or more per week.

(2) Watchmen may be permitted to work a maximum of fifty-six (56) hours per week, but no watchman shall be permitted to work more than six (6) days in any seven (7) day period.

(3) Employees engaged in the preparation, care and maintenance of plant and machinery and facilities of and for production shall not be permitted to work more than forty-five (45) hours in any one (1) week, or nine (9) hours in any twenty-four (24) hour period, nor more than six (6) days in any one (1) week, except in the case of breakdowns and emergencies, in which event the nature of the breakdowns or emergencies and the extra hours worked shall be reported to the Code Authority. Such employees shall be paid at one and one-third (1⅓) times their normal hourly rate for all hours worked in excess of the above limitations. This paragraph shall apply at no time to more than five per cent (5%) of all employees.

SECTION. 3. No employer shall knowingly permit any employee to work for any time which, when added to the time spent at work for another employer or employers in this Industry or other Industries, exceeds the maximum permitted herein.

ARTICLE IV—WAGES

SECTION. 1. No male employee shall be paid in any pay period less than at the rate of thirty-seven and one-half cents (37½¢) per hour, and no female employee shall be paid in any pay period less than at the rate of thirty-two and one-half cents (32½¢) per hour, except as otherwise herein provided.

SECTION 2. Learners shall be paid not less than at the rate of thirty-two and one-half cents (32½¢) per hour. The total number of such learners shall not exceed in any calendar month five per cent (5%) of the total number of employees covered by the provisions of this Article.

Learners are defined as those employees who, prior to their employment as learners shall not have previously worked in the Industry for a period in excess of two (2) months, neither may such employees be classified as learners by the employer by whom they are employed for a period in excess of two (2) months.

SECTION 3. A person may be employed as an apprentice by any member of the Industry at a wage lower than the minimum wage, or for any time in excess of the maximum hours of labor, established in this Code, if such member shall have first obtained from an Agency to be designated or established by the Secretary of Labor, a certificate permitting such person to be employed in conformity with a training program approved by such Agency, until and unless such certificate is revoked.

(a) The term "Apprentice", as used herein shall mean a person of at least 16 years of age who has entered into a written contract with an employer or an association of employers which provides for at least 2,000 hours of reasonably continuous employment for such person and his participation in an approved program of training as hereinabove provided.

SECTION 4. A person whose earning capacity is limited because of age, physical or mental handicap, or other infirmity, may be employed on light work at a wage below the minimum established by this Code, if the employer obtains from the State Authority, designated by the United States Department of Labor, a certificate authorizing such person's employment at such wages and for such hours as shall be stated in the certificate. Such authority shall be guided by the instructions of the United States Department of Labor in issuing certificates to such persons. Each employer shall file monthly with the Code Authority a list of all such persons employed by him, showing the wages paid to, and the maximum hours of work for such employees.

SECTION 5. Office and clerical employees shall be paid not less than at the rate of fifteen dollars ($15.00) per week in cities of over 500,000 population or in the immediate trade area of such city, and not less than fourteen dollars ($14.00) per week elsewhere, excepting office and errand boys who may be paid not less than eighty per cent (80%) of said minimum wage. The total number of such office and errand boys shall not exceed five per cent (5%) of the total number of employees.

SECTION 6. An equitable adjustment shall also be made of compensation in excess of such minimum rate by all members of the Industry who have not heretofore made such an equitable adjustment and within sixty (60) days of the effective date hereof each employer shall report to the Code Authority, for submission to the Board, the action taken by such employer in pursuance of this provision, provided, however, that in making said adjustments within said sixty (60) days, hourly, weekly or piece work rates shall not be reduced.

SECTION 7. In cases of employees performing work for which they are paid per piece of work performed, the employer shall make up the deficiency in pay if the amount is less than could be obtained by the use of the minimum hourly rate over the pay period.

SECTION 8. Female employees performing the same work as male employees shall receive the same rate of pay as male employees.

SECTION 9. Wages shall be paid at least semi-monthly in lawful currency or by negotiable check, payable on demand. These wages shall be exempt from any payments, pensions, insurance, or sick benefits other than those voluntarily paid by the wage earner or required by law.

ARTICLE V—GENERAL LABOR PROVISIONS

SECTION 1. (a) No person under sixteen (16) years of age shall be employed in the Industry.

(b) No person under eighteen (18) years of age shall be employed in occupations hazardous in nature or dangerous to health. In any State an employer shall be deemed to have complied with this pro-

vision as to age if he shall have on file a certificate or permit, duly signed by the Authority in such State empowered to issue employment or age certificates or permits, showing that the employee is of the required age. Within sixty (60) days after the approval of this Code, the Code Authority shall submit to the Board for approval a list of such operations and occupations.

SECTION 2. It is hereby provided:

(a) That employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activites for the purpose of collective bargaining or other mutual aid or protection.

(b) That no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing, and

(c) That employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President.

SECTION 3. No employer shall reclassify employees or duties of occupations performed or engage in any subterfuge so as to defeat the purposes of the provisions of the Act or of this Code.

SECTION 4. Every employer shall provide for the safety and health of employees during the hours and at the places of their employment. Standards for safety and health shall be submitted by the Code Authority to the Board for approval within three (3) months after the effective date of the Code.

SECTION 5. No provision in this Code shall supersede any State or Federal law which imposes upon employers more stringent requirements as to age of employees, wages, hours of work, or as to safety, health, sanitary or general working conditions, or insurance, or fire protection, than are imposed by this Code.

SECTION 6. Within ten (10) days of the effective date each employer shall post, and thereafter maintain, in conspicuous places accessible to employees full copies of this Code and any amendments or modifications which may later be approved. Every member of the Industry shall comply with all rules and regulations relative to the posting of provisions of the Code which may from time to time be prescribed by the Board.

SECTION 7. (1) A person may be permitted to engage in homework at the same rate of wages as is paid for the same type of work performed in the factory or other regular place of business if a certificate is obtained from the State Authority or other officer designated by the United States Department of Labor, such certificate to be granted in accordance with instructions issued by the United States Department of Labor, provided

(a) Such person is physically incapacitated for work in a factory or other regular place of business and is free from any contagious disease, or

(b) Such person is unable to leave home because his or her services are absolutely essential for attendance on a person who is bedridden or an invalid and both such persons are free from any contagious disease.

(2) Any employer engaging such a person shall keep such certificate on file and shall file with the Code Authority for the industry the name and address of each worker so certificated.

SECTION 8. No employer shall dismiss or demote any employee for making a complaint or giving evidence with respect to an alleged violation of the provisions of this Code.

ARTICLE VI—ADMINISTRATION

SECTION 1. A Code Authority is hereby established to cooperate with the Board in the administration of this Code and shall consist of five (5) individuals, selected by the members of the Industry in the manner hereinafter provided to serve for a period of one year or until their successors are chosen. The Board, in its discretion, may appoint not more than three (3) additional members, without vote, to represent the Board. These three members shall serve without compensation from the Industry.

SECTION 2. The selection of the five individuals constituting the Code Authority shall be made by the method of voting as provided in Section 3 of this Article.

SECTION 3. Only members of the Industry complying with the provisions of this Code and paying their assessments (unless otherwise exempted) if levied in accordance with a basis of assessments to be approved by the Board are to participate in the benefits and selection of the Code Authority and such members shall be entitled to vote for the members of the Code Authority in the following manner, to be computed on the basis of such member's net annual dollar sales of the products of this industry for the previous calendar year as follows:

1 Vote for each $50,000 or fraction thereof, up to $1,000,000 and

1 Additional Vote for each $100,000 or fraction thereof, from $1,000,000 to $2,000,000 and

1 additional Vote for each $200,000 or fraction thereof, in excess of $2,000,000

provided, further, that at such election of the members of the Code Authority two or more of the four members of the Industry having the greatest number of votes, when voting together, shall not cast a majority vote, unless one or more members of the industry having the right to cast at least ten (10) per cent of the total votes and not included among said four, shall vote with them.

All questions as to the number of votes which each member shall be entitled to cast at a meeting of the members of the Industry to elect a Code Authority shall be determined by the Secretary, as provided above. Any member of the Industry may vote by proxy in writing duly executed by such member of the Industry and filed with the Secretary. Any such proxy may be for such elections or be a general proxy for such elections that may be held until such proxy shall have been revoked in writing duly executed by the member, who gave such proxy, and filed with the Secretary.

SECTION 4. At each election of the Code Authority, members of the Industry having the right to cast at least seventy-five per cent (75%) of all the votes that might be cast at such election, if all the

members were present thereat, shall constitute a quorum for the transaction of business at such election.

SECTION 5. Vacancies in the personnel of the Code Authority selected by the Industry shall be filled by the remaining members of the Code Authority subject to the approval of the Board.

SECTION 6. Each trade or industrial association directly or indirectly participating in the activities of the Code Authority shall impose no inequitable restriction on membership and shall submit to the Board true copies of its articles of association, by-laws, regulations, and any amendments when made thereto, together with such other information as to memberships, organization, and activties as the Board may deem necessary to effectuate the purposes of the Act.

SECTION 7. In order that the Code Authority shall at all times be truly representative of the Industry and in other respects comply with the provisions of the Act, the Board may prescribe such hearings as it may deem proper; and thereafter if it shall find the Code Authority is not truly representative or it does not in other respects comply with the provisions of the Act may require an appropriate modification of the Code Authority.

SECTION 8. Nothing contained in this Code shall constitute the members of the Code Authority partners for any purposes. Nor shall any member of the Code Authority be liable in any manner to anyone for any act or omission of any other member, officer, agent or employee of the Code Authority. Nor shall any member of the Code Authority, exercising reasonable diligence in the conduct of his duties hereunder, be liable to anyone for any action or omission to act under this Code, except for his own wilful malfeasance or nonfeasance.

SECTION 9. If the Board shall at any time determine that any action of the Code Authority or any agency thereof may be unfair or unjust or contrary to the public interest, the Board may require that such action be suspended to afford an opportunity for investigation of the merits of such action and further consideration by such Code Authority or agency pending final action which shall not be effective unless the Board approves or unless it shall fail to disapprove after thirty (30) days notice to it of intention to proceed with such action in its original or modified form.

SECTION 10. The Clock Manufacturing Industry Code Authority may incorporate under the laws of any State of the United States or of the District of Columbia, or may assume or adopt such existing corporate form under any of such laws as it may deem appropriate for the proper performance, as and from the effective date, of its activities, powers and duties hereunder, such corporation or corporate form to be not for profit and to be known as the Clock Manufacturing Industry Code Authority, Incorporated; provided that the powers, duties, objects and purposes of the said corporation shall, to the satisfaction of the Board be limited to the powers, duties, objects and purposes of the Clock Manufacturing Industry Code Authority as provided in this Code; provided, further, that the existence of the said corporation shall be during the term of the Code; and provided, further, that the Code Authority shall submit to the Board for its approval, its proposed Certificate of Incorporation and

proposed By-Laws, and no amendment of either shall be made without the like prior approval of the Board and provided, further, that the Code Authority shall submit, with its proposed Certificate of Incorporation and By-Laws, the written opinion of an attorney-at-law qualified in and conversant with the laws of the jurisdiction in which the Code Authority seeks to be incorporated, as to the nature and extent of the jurisdiction, powers and authorities exercisable by the State in question and its agencies over the activities of the Code Authority as a corporation, supporting such opinion by citation of relevant authorities, and supplementing the same with a table, certified to be complete, of all laws, statutes and other regulatory provisions governing corporations created pursuant to the laws under which the Code Authority seeks to be incorporated.

If at any time, the Board shall determine that the corporate status assumed by the Code Authority is interfering with the proper exercise of its powers and duties under this Code, or with the effectuation of the policies or purposes of the Act, it may, after such notice and hearing as it may deem necessary, require an appropriate modification of the structure of the Corporation, (if consistent with the law of the State of Incorporation), the substitution of a corporation created under the laws of another State in the same manner as the existing Code Authority, the substitution of a non-corporate Code Authority truly representative of the Industry or such other actions as it may deem expedient.

Section 11. Subject to such rules and regulations as may be issued by the National Industrial Recovery Board the Code Authority shall have the following powers and duties, in addition to those authorized by other provisions of this Code:

(a) To insure the execution of the provisions of this Code and to provide for the compliance of the Industry with the provisions of the Act.

(b) To adopt by-laws and rules and regulations for its procedure.

(c) To obtain from members of the Industry such information and reports as are required for the administration of the Code. In addition to information required to be submitted to the Code Authority, members of the Industry shall furnish such statistical information as the Board may deem necessary for the purposes recited in Section 3 (a) of the Act to such Federal and State agencies as it may designate; provided that nothing in this Code shall relieve any member of the Industry of any existing obligations to furnish reports to any government agency. The Code Authority may require that any or all information be sworn to or otherwise certified or authenticated as it may prescribe.

The information furnished to the Secretary upon request of the Code Authority shall be subject to check for the purposes of verification, to the extent permitted by the Act. Such checking, when necessary, shall be done by certified, registered, chartered, or any other lawful practitioner of public accountancy designated by the Code Authority, the cost of which examination shall be cleared as an expense of administering the Code.

Any information furnished to the Secretary of the Code Authority by a member of the Industry in accordance with the provisions of the Code, which is considered of a confidential character by the said

member, shall be treated by the Secretary as confidential, and no disclosure thereof to the Code Authority or to anyone, except to the Board in any manner shall be made other than in combination with similar information furnished by other members of the Industry, in which case the publication shall be made only in such manner as will avoid the disclosing separately of such confidential information. Information shall not be furnished to anyone by the Secretary except by direction of the Code Authority.

(d) To use such trade associations and other agencies as it deems proper for the carrying out of any of its activities provided for herein, provided that nothing herein shall relieve the Code Authority of its duties or responsibilities under this Code and that such trade associations and agencies shall at all times be subject to and comply with the provisions hereof.

(e) To make recommendations to the Board for the coordination of the administration of this Code with such other codes, if any, as may be related to the Industry.

(f) 1. It being found necessary in order to support the administration of this Code and to maintain the standards of fair competition established hereunder and to effectuate the policy of the Act, the Code Authority is authorized:

(a) To incur such reasonable obligations as are necessary and proper for the foregoing purposes, and to meet such obligations out of funds which may be raised as hereinafter provided and which shall be held in trust for the purposes of the Code;

(b) To submit to the Board for its approval, subject to such notice and opportunity to be heard as it may deem necessary (1) an itemized budget of its estimated expenses for the foregoing purposes, and (2) an equitable basis upon which the funds necessary to support such budget shall be contributed by members of the Industry;

(c) After such budget and basis of contribution have been approved by the Board, to determine and obtain equitable contribution as above set forth by all members of the Industry, and to that end, if necessary, to institute legal proceedings therefor in its own name.

2. Each member of the Industry shall pay his or its equitable contribution to the expenses of the maintenance of the Code Authority, determined as hereinabove provided, and subject to rules and regulations pertaining thereto issued by the Board. Only members of the Industry complying with the Code and contributing to the expenses of its administration as hereinabove provided, shall be entitled to participate in the selection of members of the Code Authority or to receive the benefits of any of its voluntary activities or to make use of any emblem or insignia of the National Recovery Administration.

3. The Code Authority shall neither incur nor pay any obligation substantially in excess of the amount thereof as estimated in its approved budget, except upon approval of the Board; and no subsequent budget shall contain any deficiency item for expenditures in excess of prior budget estimates except those which the Board shall have so approved.

(g) To recommend to the Board any action or measures deemed advisable, including further fair trade practice provisions to govern

members of the Industry in their relations with each other or with other Industries; measures for industrial planning, and stabilization of employment; and including modifications of this Code, which shall become effective as part hereof upon approval by the Board, after such notice and hearing as it may specify.

(h) To appoint a Trade Practice Committee which shall meet with the Trade Practice Committees appointed under such other codes as may be related to the Industry for the purpose of formulating fair trade practices to govern the relationships between employers under this Code and under such other codes to the end that such fair trade practices may be proposed to the Board as amendments to this Code and such other codes.

Article VII—Unfair Trade Practices

On and after the effective date of this Code, the following practices are hereby declared to be unfair methods of competition and violations of this Code:

Section 1. No member of the Industry shall give, permit to be given, or directly offer to give, anything of value for the purpose of influencing or rewarding the action of any employee, agent or representative of another in relation to the business of the employer of such employee, the principal of such agent or the represented party, without the knowledge of such employer, principal or party. Commercial bribery provisions shall not be construed to prohibit free and general distribution of articles commonly used for advertising except so far as such articles are actually used for commercial bribery as hereinabove defined.

Section 2. No member of the Industry shall secretly offer to make any payment or allowance of a rebate, refund, commission, credit, unearned discount, or excess allowance, whether in the form of money or otherwise, nor shall a member of the Industry secretly offer to extend to any customer any special service or privilege not extended to all customers of the same class for the purpose of influencing a sale.

Section 3. Rendering or offering any valuable consideration to any purchaser, prospective purchaser, or dealer unless fair compensation be paid therefor by such purchaser, prospective purchaser or dealer. This is not intended to prohibit a member supplying his own advertising matter to the general trade.

Section 4. Making a concession in the price of any product, directly or indirectly, under the guise of an advertising allowance.

Section 5. Dating of invoices more than five (5) working days after date of shipment.

Section 6. No member of the Industry shall ship goods on consignment except under circumstances to be defined by the Code Authority, and approved by the National Industrial Recovery Board, where peculiar circumstances of the Industry requires the practice. This provision does not prohibit the return of merchandise on conditions specified by the Code Authority, for valid reasons, subject to the approval of the National Industrial Recovery Board.

Section 7. Making any rebates to purchasers against stocks on hand in the event of decline in prices, except within such limitations

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as may be specified by the Code Authority, after approval by the National Industrial Recovery Board.

Article VIII—Modification

Section 1. This Code and all the provisions thereof are expressly made subject to the right of the President, in accordance with the provisions of Subsection (b) of Section 10 of the National Industrial Recovery Act, from time, to time, to cancel or modify any order, approval, license, rule or regulation issued under Title I of said Act.

Section 2. This Code, except as to the provisions required by the Act, may be modified or amended on the basis of experience or changes in circumstances, such modifications or amendments to be based upon application to the National Industrial Recovery Board and after such notice and hearing as it shall specify, to become effective on approval of the President unless otherwise provided.

Section 3. The Code Authority may make recommendations for modification of this Code to the National Industrial Recovery Board which shall become effective as a part of this Code upon approval by the National Industrial Recovery Board after such notice and hearing as it may prescribe.

Article IX—Monoplies, Etc.

No provision of this Code shall be so applied as to permit monopolies or monopolistic practices, or to eliminate, oppress or discriminate against small enterprises.

Article X—Effective Date

This Code shall become effective on the third Monday after its approval by the President.

Approved Code No. 551.
Registry No. 1208–01.

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